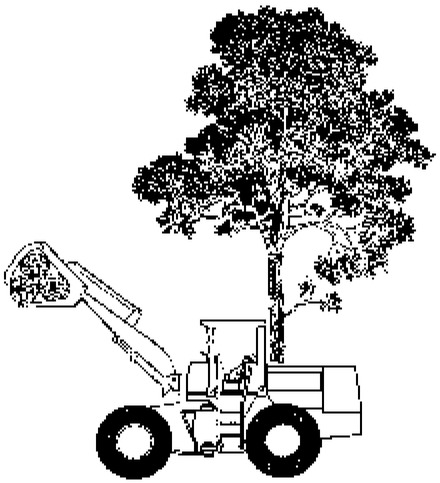
Missouri Timber Price Trends



Quarterly Market Report
Vol. 10 No. 2
April-June, 2000

Missouri Department of Conservation
Forestry Division

Missouri Timber Price Trends tracks market prices for Stumpage and Delivered Logs. Reports on the Stumpage Market are received from Missouri Department of Conservation Resource Foresters and private consulting foresters. Stumpage refers to timber sold on the stump and does not reflect delivered mill prices. Reports on the Log Market give delivered log prices and are compiled from reports submitted by sawmills and other wood processing plants. These reports should serve as a **general** guide to track stumpage and delivered log prices. Landowners should not use this report to replace a timber inventory and marketing assistance as methods of conducting a sale. Missouri Department of Conservation Resource Foresters will be able to provide information on current, local market conditions. Details of all private sales and delivered prices are kept confidential.

Tree Scale Conversion Factors

Sawlogs - Veneer Logs		Int'l = Doyle x 1.2
Pulpwood	Pine	5,200 lbs/cord
	Hardwood (hard)	5,600 lbs/cord
	Hardwood (soft)	4,200 lbs/cord

STATEWIDE TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 2000)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (Board Feet)
Veneer							
White oak (group)	$1,665	$1,665	$1,665	$570	$1,145	1	4
Sawlogs							
Ash	$190	$190	$190	$115	$120	1	4
Black Walnut	$585	$280	$430	$430	$105	2	2
Cherry	$665	$665	$665	-	$600	1	1
Cottonwood	$65	$30	$35	$60	-	2	301
Hickory	$165	$40	$70	$110	$105	7	30
Soft Maple	$200	$165	$180	-	$125	2	78
Oak (mixed species)	$275	$35	$125	$125	$170	8	384
Red oak (group)	$355	$50	$175	$150	$145	21	1,824
White oak (group)	$340	$60	$175	$130	$135	22	921
Gum	$60	$60	$60	-	$80	1	
Yellow Poplar	$310	$310	$310	-	-	1	43
Mixed Hardwoods	$125	$35	$55	$165	$105	5	75
S Yellow Pine	$145	$75	$90	$155	$105	6	128
Pulpwood							
Mixed Hardwoods	$5	$3	$3	-	-	2	2,830 Tons
Stave Logs							
White oak (group)	$415	$225	$285	$265	$415	4	47

OZARK TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 2000)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (Board Feet)
Sawlogs							
Black Walnut	$280	$280	$280	$450	$590	1	1
Hickory	$75	$40	$50	$125	$105	6	24
Oak (mixed species)	$230	$75	$170	$130	$150	5	190
Red oak (group)	$250	$130	$170	$150	$145	15	1,283
White oak (group)	$260	$60	$175	$135	$130	18	554
Gum	$60	$60	$60	-	$80	1	
Mixed Hardwoods	$40	$40	$40	$175	$115	1	7
S Yellow Pine	$145	$75	$90	$155	$105	6	128
Pulpwood							
Mixed Hardwoods	$5	$3	$3	-	-	2	2,830 Tons
Stave Logs							
White oak (group)	$415	$225	$370	$240	$360	3	12

PRAIRIE TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 2000)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (MBF)
Sawlogs							
Cottonwood	$65	$30	$35	$60	-	2	301
Soft Maple	$200	$165	$180	-	$275	2	78
Oak (mixed species)	$275	$275	$275	-	$290	1	34
Red oak (group)	$165	$50	$150	$135	$120	2	60
White oak (group)	$265	$265	$265	$120	$260	1	12
Mixed Hardwoods	$50	$35	$45	$80	$100	2	49

RIVERBORDER TIMBER STUMPAGE PRICE TRENDS IN MISSOURI

(April-June, 2000)

	High $/MBF	Low $/MBF	Weighted Average	Previous Quarter	Last Year	Number of Reports	Total Volume (MBF)
Veneer							
White oak (group)	$1,665	$1,665	$1,665	$1,075	-	1	4
Sawlogs							
Ash	$190	$190	$190	$150	$145	1	4
Black Walnut	$585	$585	$585	$415	$240	1	1
Cherry	$665	$665	$665	-	-	1	1
Hickory	$165	$165	$165	$100	-	1	6
Oak (mixed species)	$50	$35	$45	$85	$130	2	160
Red oak (group)	$355	$110	$195	$170	$150	4	481
White oak (group)	$340	$125	$175	$180	$130	3	354
Yellow Poplar	$310	$310	$310	-	-	1	43
Mixed Hardwoods	$125	$70	$90	$180	$70	2	20
Stave Logs							
White oak (group)	$255	$255	$255	$275	$155	1	35

Missouri Log Market Report

Missouri Department of Conservation, Forestry Division
University of Missouri, Forestry Extension
Missouri Forest Products Association

Welcome to the **Missouri Log Market Report**. This report is intended to provide information on delivered log prices and market conditions for loggers and mill operators. Landowners can benefit by tracking market conditions for the various wood products harvested from a tree.

The report details prices for **Grade Logs** by species and grade; and prices for **Below Grade Logs** by species and intended end use, such as blocking, pallet lumber or ties. All prices are based on the average mean within the grade standard or product line. Absolute maximums or minimums are not reported. All prices are based on a thousand board feet unit using the International 1/4" Log Scale. Log grades used in this report are based on the following **minimum** criteria:

	Grade 1	Grade 2	Grade 3
Minimum Diameter	13-15"	11"	8"
Minimum Log Length	10'	8'	8'

We hope you find the information useful and will be working to expand the number of participating mills; reported species and products (veneer, etc); and the range of coverage for the report. All information provided by the participating mills is confidential.

If you have any questions, comments, or would like to participate in the reporting program, please call (573) 751-4115, Extension 308.

Average Statewide Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 2000)

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$300	$250	$165
Black Walnut	$385	$260	$240
Cherry	$300	$400	$240
Cottonwood	$165	$140	-
Hickory	$185	$160	$175
Soft Maple	$360	$375	$290
Red oak (group)	$400	$300	$200
White oak (group)	$290	$270	$195
Pecan	$210	-	-
Eastern Redcedar	$265	-	-
S Yellow Pine	$205	$140	$200

*** 28 Mill(s) reporting.**

Average Ozark Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 2000)

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$320	$320	$240
Black Walnut	$370	$260	$240
Cherry	$310	$400	$240
Hickory	$175	$160	$175
Soft Maple	$300	-	-
Red oak (group)	$400	$300	$200
White oak (group)	$290	$270	$195
Eastern Redcedar	$300	-	-
S Yellow Pine	$205	$140	$200

*** 26 Mill(s) reporting.**

Average Prairie Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 2000)

Sawlogs

Species	Grade 1	Grade 2	Grade 3
Ash	$280	$210	$140
Black Walnut	$415	-	-
Cherry	$250	-	-
Cottonwood	$165	$140	-
Hickory	$210	-	-
Soft Maple	$385	$375	$290
Red oak (group)	$435	-	$290
White oak (group)	$250	-	-
Pecan	$210	-	-
Eastern Redcedar	$250	-	-

*** 2 Mill(s) reporting.**

Average Statewide Delivered Prices
Dollars per Thousand Board Feet, International ¼" Scale
(April-June, 2000)

Below Grade Logs

Species	Blocking	Pallet	Tie
Ash	$140	$140	$155
Basswood	-	$125	-
River Birch	-	$125	-
Black Locust	-	$125	-
Black Walnut	$135	$135	-
Cherry	$140	$140	$155
Cottonwood	$140	$140	$155
Elm	$140	$140	$155
Hackberry	$140	$140	$155
Hickory	$140	$140	$155
Hard Maple	$140	$140	$155
Soft Maple	$140	$140	$155
Oak (mixed species)	-	$125	-
Red oak (group)	$140	$140	$155
White oak (group)	$140	$140	$155
Pecan	$125	$130	$155
Gum	$140	$140	$155
Sycamore	$150	$125	-
Yellow Poplar	-	$125	-
Mixed Hardwoods	$135	$130	-
Eastern Redcedar	-	$125	-
S Yellow Pine	$145	$145	$200

*** 28 Mill(s) reporting.**

QUARTERLY MARKET CONDITIONS

33 mills, with a combined annual production of 62.5 million board feet, participated in the survey of log and lumber market conditions. In addition, foresters reported stumpage prices resulting from 29 timber sales containing 4 million board feet located throughout the state.

Other Delivered Product Prices
(April-June, 2000)

Product	Avg. Price
Pulpwood	$25/Tons
Scrag Bolts	$30/Cords
Scrag Logs	$70/Cords
Stave Logs	$265/MBF Int.

Log Markets

Sawmills in Missouri appear to be in a slow-down mode from reports received for the Second Quarter. Nearly 60% of the 33 mills reporting are operating at less than their one-shift capacity. Soft markets was the reason most often cited in comments. However, there is a degree of optimism that business trends will rebound in the last two quarters of the year.

Nearly one-fourth of the mills reported low log inventories, but comments indicated this was intentional and not due to difficulty with log purchases. An equal number of mills reported surplus log inventories. The important point in discussion of log inventories is the indication that nearly all mills plan to maintain their present log inventory position through the next quarter. Thus third quarter demand for logs is forecast as flat. As it appears now, demand for logs through September will be relatively low and competition for timber sales will not be generating higher prices in the next three months.

Log prices were generally stable over the past quarter and there is almost no expectations for higher log prices in the near future. This situation appears to be following the generally stable condition of the sawmill industry presently.

Blocking markets and pallet lumber sales appear to be suffering more than anything else. This has resulted in falling prices for low grade logs if you look at the stumpage portion of this report. In fact, some of the lowest stumpage prices reported in the past several years for mixed, low-grade hardwoods were reported for last quarter. Grade lumber (particulary red oak) and flooring lumber made very modest gains. Several mills reported slightly higher crosstie prices, but that trend did not occur industry wide.

What to watch in the next quarter: Stave log markets could increase with slightly higher prices earlier than the usual seasonal increases. Reports were also optimistic about increases in crosstie prices. Although it is not a large volume market, cedar log scarcity in the SW Ozarks might cause some increased stumpage and delivered log prices for that species.

Now here are some quotes taken directly from the sawmill reports.

“Everything moving slowly”.........”Charcoal markets for slabs is about gone”

“Interest rates and gas prices are a business concern”

“No new cedar sales are being marked on USFS lands”

"It is a dog eat dog world and sawmillers are wearing milkbone underwear."

Stumpage Markets

The variation in stumpage prices seems to widen each quarter. If you observe the difference between the high and low prices reported, it is obvious that geography and log quality are important factors in determining stumpage values. It is also obvious that oak is dominating timber sales in Missouri. In fact, it is difficult to get enough reports of prices for other species to report stumpage trends. As we have stressed many times in this report, if there are less than 5 sales of a particular species reported, the values appearing in this report may not reflect a truly average price for the state or region. We continue to publish all values reported simply because they can still provide benchmarks for landowners who may be unfamiliar with timber values in general. If the numbers are ever seriously too high, we hear from the sawmills very quickly! If a price appears to be exceptionally low, foresters call to ask who sold timber that cheaply. All things considered, it is a good system that is as accurate as we can make it.

The Spring Quarter is generally not a favorite time for foresters to sell timber for private landowners. Activities such as tree planting take priority and marking timber is not as easy as when there are no leaves. This results in a reduction in the number timber sales conducted and reported. This year the relatively poor demand for timber also played a major role in fewer forester-assisted timber sales.

Some of the lowest stumpage prices in memory were reported for lower grade mixed oak and mixed hardwood sales during the past quarter. High quality timber brought decent prices, but still well below the record price levels of 2-3 years ago. An important factor that is not included in this report, but is included in information we collect about each sale, is the number of bidders for each sale. When competition is keen for a timber sale, it is common to have 10-12 bidders or more and prices generally reflect higher value. Many timber sales reported during the last quarter noted only 2-3 bidders reflecting lack of competition and interest. Several sales reported only a single bidder.

Interpreting what the mills are telling us about prices for their products and what they plan to pay for logs in the next three months, stumpage prices are not likely to increase significantly. Exceptions to be aware of include: white oak stave quality timber, cedar sawlogs (in specific areas of the state), and tie quality timber larger than 13" scaling diameter. Low grade timber is not likely to generate much interest.

Thank goodness that trees have a long "shelf life." You can always wait for the cycle to get better for your own personal situation. And, of course, it will........sometime!

Editor's Note:

Remember that one of the most valuable sources for information on log and timber markets is the local Missouri Department of Conservation Resource Forester. Contact the nearest Forest District office for up-to-date, local advice. The Missouri Department of Conservation's Forestry Division, (573) 751-4115, Extension 308, will be happy to provide you with the name and address of the Resource Forester or District Forest Office nearest to you.

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